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International Brotherhood of Electrical Workers Local Union 1245

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:	)	CASE NO.: 19-30088
)	
PG&E CORPORATION and PACIFIC GAS &)	
ELECTRIC COMPANY	)	Chapter 11
)	
Debtors	)	(Lead Case)
)	
	)	(JOINTLY ADMINISTERED)
)	
_____ Affects PG&E Corporation	)	INTERNATIONAL
_____ Affects Pacific Gas and Electric Company	)	BROTHERHOOD OF
<u> X </u> Affects both Debtors	)	ELECTRICAL WORKERS, LOCAL
	)	UNION NO. 1245'S JOINDER TO
	)	MOTION OF THE AD HOC
	)	COMMITTEE OF SENIOR
	)	UNSECURED NOTEHOLDERS TO
	)	TERMINATE THE DEBTORS'
	)	EXCLUSIVE PERIODS PURSUANT

) **TO SECTION 1121(d)(1) OF THE**
) **BANKRUPTCY CODE**

)
)
)
) Date: July 24, 2019
) Time: 9:30 AM
) Place: Courtroom 17, U.S. Bankruptcy
) Court, 16th Floor, 450 Golden Gate
) Avenue, San Francisco, California
)

The International Brotherhood of Electrical Workers Local Union 1245 (“IBEW”) files this *Joinder to the Motion of the Ad Hoc Committee of Senior Unsecured Noteholders to Terminate the Debtors’ Exclusive Periods Pursuant to Section 1121(d)(1) of the Bankruptcy Code* (“Motion”) (Dkt. 2741). IBEW joins in the Motion and adds the following:

I. Introduction

The IBEW is a labor organization affiliated with the American Federal of Labor – Congress of Industrial Organizations. The IBEW represents approximately 20,000 gas and utility employees, including thousands of employees of Pacific Gas & Electric Company (“PG&E”), throughout California. IBEW members are responsible for building, maintaining, repairing, and operating PG&E’s natural gas and electric transmission and distribution systems and are therefore critical to PG&E’s ability to supply gas and electricity to approximately 16 million California residents.

II. Joinder and Statement

The IBEW strongly supports the Motion. California’s governor and legislature have just enacted extraordinary legislation to support California’s utilities in this new era of perennial wildfire risk. These efforts culminated in Assembly Bill 1054, which passed the legislature on July 11, 2019 and was signed into law by Governor Newsom the following day.¹ As an urgency measure,² the law is effective immediately. Among other things, AB 1054 creates new incentives for utilities to

¹ The text of AB 1054 may be accessed at the following link:

http://leginfo.legislature.ca.gov/faces/billPdf.xhtml?bill_id=201920200AB1054&version=20190AB105495CHP

² AB 1054, Sec. 27.

1 improve safety, helps mitigate ongoing wildfire-related risks, and offers improved assurances that
2 wildfire victims will receive adequate compensation for their losses.

3 Most importantly for purposes of this proceeding, AB 1054 dramatically improves PG&E's
4 future financial viability. The new law creates two new funds. First, it creates a \$10.5 billion³
5 "revolving liquidity fund" that can be used to pay claims resulting from future catastrophic
6 wildfires.⁴ This new fund will be financed by securitizing a future revenue stream exclusively
7 funded by customers.⁵ Second, if, within 15 days of enactment of AB 1054, Southern California
8 Edison Company and San Diego Gas & Electric Company so elect, the liquidity fund would be
9 replaced by an insurance fund that contains both the \$10.5 billion from the continued charge on
10 customers and a matching \$10.5 billion from all three large investor owned utilities.⁶ PG&E's
11 contribution share would be 64.2 percent⁷ of \$10.5 billion. As its name implies, the insurance fund
12 rather than the utilities would pay claims resulting from future catastrophic wildfires.⁸ Further,
13 future subrogation claims would be generally limited to 40% of the total claim value.⁹ Moreover,
14 while the utility would have to repay the insurance fund if it were found to have violated a new
15 prudent manager standard, that repayment would be capped at 20% of its total transmission and
16 distribution equity rate base.¹⁰ Because the benefits of the new insurance fund are so significant, it is
17 widely assumed that Southern California Edison Company and San Diego Gas & Electric Company
18 will elect to participate, thus providing PG&E the opportunity to participate once it exits bankruptcy.

19 While the financial benefits of the insurance fund are critical to PG&E's future viability,
20 there is a major prerequisite. The law requires that by June 30, 2020, these Bankruptcy Cases "must
21 be resolved pursuant to a plan or similar document not subject to a stay," the Court must determine
22 that there is funding to pay pre-petition wildfire claims, and the California Public Utilities
23

24 ³ CAL PUB. UTIL. CODE § 3288 (West 2019); CAL. WATER CODE § 80540 (West 2019). All statutory references are to
25 California Code as amended by AB 1054.

26 ⁴ CAL. PUB. UTIL. CODE § 3291.

27 ⁵ CAL. WATER CODE § 80524. The revenue stream results from continuing an existing charge on customer bills that
28 would otherwise expire. It does not increase rates compared to today.

⁶ CAL. PUB. UTIL. CODE §§ 3292(a), 3292(b)(3), 3280(i).

⁷ *Id.* § 3280(n).

⁸ *Id.* § 3280(f).

⁹ *Id.* § 3280(f).

¹⁰ *Id.* § 3292(h).

1 Commission must approve the reorganization plan and other matters.¹¹ With less than one year left
2 to accomplish all this, time is critical.

3 All stakeholders in these Bankruptcy Cases must focus on meeting the statutory deadlines to
4 take advantage of this exceptional legislation. The clock on confirmation is now ticking, and PG&E
5 has yet to propose a plan. Having a feasible Chapter 11 plan confirmed as soon as possible is in the
6 best interests of not only the IBEW's members, but of past and future victims of catastrophic
7 wildfires, the State of California, and all the other stakeholders in these Bankruptcy Cases. For these
8 reasons, the IBEW supports the Motion and requests a termination of exclusivity.

9 Furthermore, although the Ad Hoc Committee requests termination only with respect to
10 itself, the IBEW supports termination of exclusivity in its entirety. With the legislative process
11 complete for the foreseeable future, creditors should now be able to evaluate any credible plan that
12 can take advantage of AB 1054 and put the Debtors in the best possible position to emerge as a safe,
13 viable, and responsible enterprise. To that end, while encouraged by the reorganization term sheet
14 proposed by the Ad Hoc Committee,¹² this Joinder is not to be construed as an endorsement of that
15 particular restructuring proposal, or of any other. The IBEW respectfully withholds any
16 endorsement until such time that it has been able to review any forthcoming competing plans.

17 For the reasons set forth above and in the Motion, the IBEW joins in the Ad Hoc
18 Committee's request for an order terminating the Debtors' Exclusive Periods in order to permit
19 parties to file and solicit acceptances of a plan of reorganization, but further requests that these
20 Exclusive Periods be terminated for *all* parties rather than just for the Ad Hoc Committee alone.

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27 ¹¹ *Id.* § 3292(b).

28 ¹² The term sheet included with the Ad Hoc Committee's Motion represents a serious and thoughtful step forward in these cases. However, the proposed plan structure will need certain revisions in order to make it compatible with AB 1054. The IBEW looks forward to working with the Ad Hoc Committee and any other credible plan proponent toward a successful resolution of these Bankruptcy Cases.

1 Dated: July 16, 2019

Respectfully submitted,

2 LOCKE LORD LLP

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4 By: /s/ Meagan S. Tom

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International Brotherhood of Electrical Workers Local Union 1245